

CDBG Organizational Requirements

CDBG Non-Profit Capacity-Building Workshops

June 14th, 2016

1

Goals of the Workshop

- ▶ Review the requirements necessary to operate a CDBG funded program
- ▶ Determine if your organization meets the general requirements to apply for and be awarded CDBG funding
- ▶ This presentation only covers program requirements – financial requirements will be discussed at future workshops

2

Outline

- ▶ General Requirements
 - Non-Profit, Capacity
- ▶ Registrations/Clearances
 - EIN, DUNS, sam.gov, E-verify, CBI
- ▶ Insurance and Bonding
- ▶ Review of Key Policies and Procedures
 - Conflict of Interest, Non-Discrimination, Grievance, Affirmative Action

3

Non-Profit

- ▶ Must be a public or private non-profit agency or organization
- ▶ Must be in Good Standing with the State of Missouri
 - Search MO Secretary of State www.sos.mo.gov
- ▶ With your application you will need to provide:
 - IRS 501c3 determination letter
 - Certificate of Good Standing from the Missouri Secretary of State
 - Current IRS 990 or automatic/approved extension

4

Non-Profit

- ▶ If funded, additional documents will be required prior to entering into a contract with CDA:
 - State Tax-Exempt Letter
 - State Sealed Certificate of Incorporation along with a copy of the Articles of Incorporation
 - Copy of the Board of Directors' By-Laws
 - Completed CDA Board List with current Board of Directors, job titles, employers, mailing addresses, and businesses owned

5

Organizational Capacity

- ▶ Organizations must have the capacity to undertake the proposed activities
- ▶ By-Laws must authorize the type of activities included in your application
- ▶ Demonstrate Board and Staff capacity to show how the work will get done

6

Organizational Capacity

With your application you will need to provide:

- Resumes and job descriptions for staff involved in the administration, operation and/or management of the proposed program
- Organizational Chart
- Letter of Recommendation from a previous funder (if not previously funded by CDA)

7

Application

- ▶ Certify there are no conflicts of interest which will arise through the use of federal funds
- ▶ *We will discuss conflict of interest in more detail later in this presentation*
- ▶ Funds may not be used to support inherently religious activities

8

Registrations and Clearances

9

Federal Tax ID

- ▶ All Organizations must have a Employer Identification Number or Federal Tax ID Number
- ▶ EIN is free and you can apply online
 - <https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online>
- ▶ Tax Exempt organizations must be formed legally before you apply for an EIN
- ▶ Contact the IRS (www.irs.gov)

10

DUNS

- ▶ All organizations applying for funding must have a DUNS number
- ▶ The Data Universal Numbering System, abbreviated as **DUNS**, is a proprietary system developed and regulated by Dun & Bradstreet
- ▶ Assigns a unique numeric identifier, referred to as a "**DUNS** number" to a single business entity.
- ▶ Free for all businesses required to register with the US Federal government for contracts or grants.
- ▶ <https://fedgov.dnb.com/webform>

11

Sam.gov

- ▶ All applicants must have registered in the System for Award Management (www.sam.gov)
- ▶ Sam.gov is a consolidation of previous federal procurement systems (CCR, EPLS)
- ▶ Must not be debarred from working with the Federal government or have any active exclusions
- ▶ Includes any delinquent federal taxes
- ▶ CDA Strongly encourages you to start the registration process early

12

E-Verify

- ▶ If funded, you will be required to comply with Section 85.500 RSMO and provide proof of E-Verify registration
- ▶ Statute requires enrollment and participation in a federal work authorization program with respect to the employees working in connection with the contracted services
- ▶ Can not knowingly employ any person who is an unauthorized alien in connection with the contracted services
- ▶ <https://www.uscis.gov/e-verify>

13

CBI Clearance

- ▶ All organizations must pass a Central Business Index (CBI) Clearance
- ▶ All applicants must have a current business license or be deemed exempt by City of St. Louis License Collector's office (Non-Profits are typically exempt)
- ▶ Applicants can not have any delinquent federal, state or local taxes.
 - Contact the City of St. Louis Collector of Revenue

14

Insurance & Bonding

15

Insurance & Bonding

If funded, CDA will require insurance and bonding coverage **for the term of the contract** to protect from loss due to theft, fraud and/or undue physical damage related to the CDBG program

- ▶ Comprehensive General Liability – \$1,000,000 per occurrence
- ▶ A Vehicle Liability Policy – \$500,000 per occurrence
- ▶ *Auto liability is required even if you do not own vehicles to pay claims related to your CDBG-funded program*
- ▶ Worker's Compensation Policy as required under state statute

City of St. Louis must be listed as an additional insured

16

Insurance & Bonding

- ▶ Commercial Blanket Bond (honesty bonding)
 - \$25,000.00 per occurrence
 - All persons employed and/or authorized to perform any functions related to the CDBG Program
 - Includes the Executive Director, board members with signatory authority, financial officers and staff, and CDBG staff

- ▶ **Insurance and Bonding Limits are as of January 1, 2016 and are subject to change**

17

Required CDBG Policies and Procedures

18

Policies and Procedures

- ▶ Written policies and procedures are essential to the effective operations of any organization
- ▶ Organizations will need to provide a copy of their personnel policies and procedure manual prior to entering in a contract

19

Policies and Procedures

- ▶ For many organizations, policies and procedures tend to only include human resources
- ▶ With CDBG funded programs established policies and procedures can help ensure compliance with HUD regulations and CDA requirements
- ▶ For example, a job training program will be required to have
 - An intake procedure to verify eligibility and gather client data
 - A procedure to track program data and outcomes (IE: attendance, job placements, counseling sessions, etc.)
 - A file retention policy

20

Policies and Procedures

If funded, there are also several key policies that must be submitted to CDA prior to entering into a contract

- ▶ Grievance Policy
- ▶ Conflict of Interest Policy
- ▶ Non-Discrimination Policy
- ▶ Affirmative Action Plan

POLICIES MUST BE WRITTEN DOWN

21

Grievance Policy

- ▶ Organizations must have a written grievance policy that allows resolution of any complaints related to the CDBG program
- ▶ Should include, but is not limited to response procedures, time frame, and staff person responsible for handling grievances
- ▶ Should address complaints of discrimination and complaints when feels deprived of the benefits offered under the CDBG program
- ▶ Grievance policy must incorporate specific items and deadlines

22

Grievance Policy

Complaints of Discrimination

- ▶ When an applicant, participant, or registrant believes that he or she, or any specific class of individuals, has been or is being subjected to discrimination
- ▶ Race, color, religion, sex, national origin, age, disability, familial status, or political affiliation
- ▶ Must forward all discrimination complaints to CDA Executive Director within two (2) working days of the initial complaint

23

Grievance Policy

Program Complaints

- ▶ When an applicant, participant, or registrant feels deprived of the benefits offered under the CDBG programs
- ▶ The Agency should make every reasonable effort to resolve any legitimate deficiencies identified by the complainant within fifteen (15) working days of the initial complaint
- ▶ If the Agency can not satisfactorily resolve the complaint in this time frame, it must forward the complaint to CDA Executive Director within two (2) working days of the exhaustion of the remedies available to the Agency in its grievance policy

24

Conflict of Interest

No employee, officer or agent of the grantee, subgrantee or subrecipient shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such conflict would arise when:

- the employee, officer or agent;
- any member of his immediate family;
- his or her partner; or
- any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm selected for award

25

Conflict of Interest

- ▶ Regulation applies during the persons' tenure and for one year thereafter
- ▶ HUD may grant an exception to a Conflict of Interest on a case by case basis provided that:
 1. The Agency must request an exception in writing to CDA before the conflict of interest occurs; AND
 2. Public disclosure of the conflict is required in a general circulation newspaper and will be paid for by the person with the conflict; AND
 3. Opinion of CDA's Attorney that the exception not violate State or local law

26

Conflict of Interest Examples

- *The son of a board member was hired as the program coordinator for a CDBG-funded after school program*
- *A senior center, has a board member who participates in CDBG funded exercise programs at the center*
- *The executive director of a CDBG-funded food pantry also owns an accounting company which has been awarded a contract to provide accounting services*

27

Conflict of Interest Policy

- ▶ Organizations must maintain a **written code or standards of conduct covering conflicts of interest**
- ▶ Board members, Executive Director, staff paid with CDBG funds, staff involved with the management, administration, procurement will be required to sign a **Conflict of Interest form**
- ▶ CDBG-funded staff will be required to sign both a **Conflict of Interest** and an Employee **Secondary Employment Questionnaire**

28

CDA Non-Discrimination

- ▶ CDA has adopted a non-discriminatory policy and if funded, agencies must comply with the intent of this policy
- ▶ Required to develop a written procedure which incorporates CDA's non-discriminatory policy
- ▶ Still required to comply with all equal opportunity laws and/or regulations contained in your contract with CDA.
- ▶ *See Handout for the CDA Non-Discrimination Policy*

29

Affirmative Action Plan

- ▶ Must have a written plan to guide the organization's actions according to the President's Executive Order 11246, as amended
- ▶ Shall include, but not be limited to, a statement of policy on employment, promotion, demotion, transfer, recruitment, and recruitment advertising, layoffs and selection for training
- ▶ Can be included in the organization's personnel policies

30

Review

31

Required Items – Application

- IRS 501c3 determination letter
- Certificate of Good Standing
- Current IRS 990 or automatic/approved extension
- Resumes and job descriptions for staff involved with the with CDBG program
- Organizational Chart
- Letter of Recommendation from a previous funder
- Federal Tax ID
- DUNS
- Sam.gov
- CBI Clearance (Business License and Tax)

32

Required Items – Contract

The following items will be required prior to entering into a contract:

- State Tax-Exempt Letter
- State Sealed Certificate of Incorporation along with a copy of the Articles of Incorporation
- Copy of the Board of Directors' By-Laws
- Completed CDA Board List
- Conflict of Interest Forms
- Secondary Employment Questionnaires
- E-Verify Registration
- CBI Clearance (Business License and Tax)

33

Required Items – Contract, cont.

- Insurance Certificate (General/Vehicle/Workers Comp)
- Proof of Bonding Coverage
- Grievance Policy
- Conflict of Interest Policy
- Non-Discrimination Policy
- Affirmative Action Plan
- Personnel Policies and Procedures Manual

34

Review – Examples

- ▶ EFG Child Services has been awarded CDBG funding for an early childhood education program that provides services to Low-Moderate Income families
- ▶ They have submitted all the documents as prior to their contract, but are not sure if the documents will be acceptable since this is their first time with CDBG funding

35

Review – Examples

- ▶ EFG Child Services: Example #1
- ▶ When asked to provide proof of insurance coverage, the Director provides a copy of the insurance card for his personal vehicle (a black 2016 Mercedes Benz)
- ▶ Is this acceptable?

36

Review

- ▶ EFG Child Services: Example #2
- ▶ When asked to provide their Non-Discrimination Policy, the Director says: “We just use the CDA Policy.”
- ▶ Is this acceptable?

37

Review

- ▶ EFG Child Services: Example #3
- ▶ The following is an excerpt of their Grievance policy:
- ▶ *Situations may occur where an employee believes that the fair and consistent application of a policy affecting him or her has not been followed. In most cases, the employee will be able to address such concerns within his or her work area or group. However, when problem has not been resolved the organization wishes to provide employees an alternative vehicle for doing so. No employee shall be subjected to discrimination...*
- ▶ Is this acceptable?

38

Questions

- ▶ Questions
- ▶ Group Exercises